

Renewal Communities Tax Initiative

Chattanooga's Commercial Revitalization Deduction APPLICATION

Overview

The Commercial Revitalization Deduction (CRD) is a federal tax incentive **only available to building owners, developers and businesses with commercial or business property**. The deduction is available to buildings placed in service after January 1, 2002 and before January 1, 2010. You may apply for deductions for projects prior to their start, after they have started (mid construction) but no later than the year that a project is placed into service.

If your property is residential or a property that you lease, you cannot take advantage of this tax incentive.

This incentive allows the building owner to take an accelerated deduction of qualifying building and refurbishment expenses. Either a 50% deduction of qualifying expenses can be taken by approved applicants in the year that CRD is received or 10% deduction over 10 years. **Please consult IRS Publication 954 – “Commercial Revitalization Deduction” to determine if the expenses for your building project are eligible for this deduction.** (On-line version available at www.chattanooga.gov/mayor/; go to “Business and Industry”, scroll down to “Renewal Communities” and look for Publication 954.) You may also want to contact the local IRS office for assistance or your tax professional.

To be able to take this accelerated deduction on your federal taxes, you must receive approval for CRDs by local and state regulatory agencies. This is the official application form for approval by the local authority. In Chattanooga, the local authority will also process necessary regulatory approvals from the state.



INSTRUCTIONS

PLEASE READ THESE INSTRUCTIONS CAREFULLY BEFORE SUBMITTING AN APPLICATION:

Applications will be accepted starting October 15, 2002. Completed applications can be **turned into the reception desk at the Mayor's Office, City Hall, Suite 100 or mailed to: Commercial Revitalization Deduction Program, Suite 100, City Hall, Chattanooga, Tennessee 37402.**

For Questions about application procedures call: 757 – 5152

For Questions about filling out the application call: 757 - 4903

Each year, (from January 1, 2002 – January 1, 2009) the City of Chattanooga and the Commercial Revitalization Deduction Authority will have a total of \$12 million to award to commercial and business building projects located in the Renewal Community Zone. Priority for awards have been determined by the local authority and will prioritize the following: 1. Total number of new jobs at the building site (post construction); 2. Wages of employers who will be located at the site; 3. Placement of existing, vacant buildings into service and 4. Project readiness of the applicant.

APPLICATION CHECKLIST

The Attached Application must be completed and signed (below and page ____). Supporting Documentation must also be submitted with the application, along with an application fee equal to ½% of the total deductions requested. **Make Check Payable to: *City of Chattanooga, CRD***. All except \$50.00 will be refunded to the applicant, should the application be denied.

Submit Completed Applications, documentation and checks to: _____.

The Following **Documentation Must Be Submitted with the signed Application and Fees:**

- ____ Copy of Business License (if Applicant's Business is 90 days or newer)
- ____ Photos of Project Site
- ____ Proof of Property Title or Deed by Applicant
- ____ Proof of Current Property Tax Payment
- ____ Letters from Funding Sources or Letter(s) of Verification of Sufficient Financial Assets for Project

- ____ Appendix A: Project Budget and Funding

- ____ Appendix B: Contractor Data and Project Timetable

- ____ Appendix C: Lease/Tenant Information

- ____ Appendix D: Bonus Point Explanation for Additional Economic or Business Development Considerations (Optional)

Authorization Required Below for ALL Applications:

Should it be required, the City of Chattanooga has the permission to run a credit check on the Applicant and Related Companies.

Signature	Title/Company	Date
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For Internal Use Only:

Date Received: _____ **Internal Review Completed:** _____ **Authority Action:** _____

Transmittal to State: **State Action:** **Notification of Applicant:**

City of Chattanooga Commercial Revitalization Deduction Application

A. APPLICANT/OWNERSHIP ENTITY

Name and Address of Ownership Entity Applying for Credit (*This is the entity to whom tax credits may be awarded*):

Company Name: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Telephone: (____) _____ Fax: (____) _____ E-mail: _____

Name of Contact Person _____ Title: _____

Office Phone: (____) _____ Mobile: (____) _____ Fax: (____) _____ E-Mail: _____

Business License in the State of _____ License #: _____ Date Issued: _____

(Please attach copy of Business License to Application if Entity Newer than 90 days old)

Type of Ownership Entity: Limited Partnership ___ General Partnership ___ Limited Liability Partnership ___ Limited Liability Corporation ___

S Corporation ___ Proprietor (SS #) _____ Federal Tax ID Number: _____

Industry of Applicant _____

New to Hamilton County? (Y / N)

B. PROJECT (BUILDING) INFORMATION

Address: _____ Zip Code: _____

(Briefly) Describe Project for CRD Consideration: _____

Date of Property/Bldg Purchase: _____ Current Zoning: _____ Zoning Change Required? (Y / N)

Project Start Date: _____ # Months Since Start: _____ Est. Project End Date (Mo/Yr): _____

Public Works Review Complete? (Y / N) Date Completed: _____ Changes Required? (Y / N)

Describe Changes Required: _____

Project Site Currently in Use for Business Purposes? (Y / N) If not, how long vacant? _____ (est. mos)

Intended End Use: Commercial _____ Mixed Use _____ Industrial _____

Any Space to be leased for Business Uses? (Y / N) Must also Submit Schedule C: Lease/Tenant Information

Any Known End User Business(es) New to Hamilton County (Either as Leasee or Owner-Occupied)? (Y / N)

Check all that Apply to the Accelerated Deduction You are Applying to Receive:

Purchase Expenses _____ Rehabilitation/Refurbishment Expenses _____ New Construction Expenses _____

Type of construction of Project: Frame _____ Masonry _____ Other (describe) _____

Age of building _____ Historic or Preservation Designations: (list) _____

Fill out all following information pertaining to the project proposed for CRD award:

	A	B	C
	Initial	Final-Up Completion of Project	Difference
1. Total Sq Ft			
2. Sq Ft. for Business* Use			
3. % of Total for Business (#2/#1)x100			
4. Leasable Sq Ft for Business Use (incl. in # 2 above)			
5. % of Total (#4/#1)x100			
6. Total Initial Cost (bldg. & property)			
7. Total Est.Cost per Sq Ft (#6/#1)x100			
7. Total Cost or Value for Business Use			
8. Est. Improvement Expense for Business Use			
9. Est. Cost per Sq Ft.			
10. Increase Over Initial Cost Basis			
11. % Increase Over Initial Cost Basis			
13. CRD Allocation Requested = not to exceed #8- (.3 x 7A)			

*Business Use = Commercial, Professional Services, Industrial or Related

C. EMPLOYMENT INFORMATION FOR PROJECT: Please also fill out Appendix C.

Current # Permanent Jobs Employed by Business(es) at the Project Site (non construction): _____

Est. # Permanent new jobs to be employed at the Project Site Each Year (post construction):

Yr 1 2 3 4 5 5 Yr Total

Est. Hourly Wage for New Jobs (incl. any benefits):

\$ /\$ /\$ /\$ /\$ /\$

Yr 1 2 3 4 5 5 Yr Total

Est. Total Payroll for New Jobs (incl. any benefits):

\$ /\$ /\$ /\$ \$ /\$

Yr 1 2 3 4 5 5 Yr Total

TOTAL DEDUCTIONS REQUESTED: \$ _____

Expected Method of Deduction (check one) : 50% 1st Yr ____ 10% over 10 Years ____

The information contained in this application and attachments for Commercial Revitalization Deductions is true and accurate, to the best of my knowledge.

Authorized Signature for Applicant

Title

Date

CITY OF CHATTANOOGA COMMERCIAL REVITALIZATION DEDUCTION APPLICATION-

APPENDIX A: PROJECT BUDGET AND FUNDING**Please Fill Out the Following Project Budget. All items must be complete.*****Purchase Cost***

a Land _____
b Building _____
c Professional Fees _____

d TOTAL (a-c) _____

Project Improvements**Labor****Materials****Total**

e Professional	_____	_____	_____
(architect, engineering, developer, etc.)			
f Site Prep	_____	_____	_____
(Demolition, excavation, grading, etc.)			
g Structural	_____	_____	_____
(framing, windows/doors, masonry, roofing, etc.)			
h Mechanical/Electric	_____	_____	_____
i Plumbing/HVAC	_____	_____	_____
j Finishes	_____	_____	_____
(light fixtures, flooring, etc.)			
Other (specify)			
k	_____	_____	_____
l	_____	_____	_____
m	_____	_____	_____
n	_____	_____	_____
o	_____	_____	_____
p TOTAL (e-p)	_____	_____	_____

GRAND TOTAL (d+p)**Financial Services Support of the Applicant****Accountant's Name:** _____ **Phone: ()** _____**Firm:** _____ **Address:** _____
Street

City

State

Zip

Banking/Assets for Project

	<u>Company Name</u>	<u>Contact Name / Phone #</u>	<u>Amount</u>
Property Lien Holders 1.		/	
Or Asset Verification 2.		/	
(continue list on 3.		/	
back if needed) 4.		/	
5.		/	

APPENDIX B: CONTRACTOR DATA AND PROJECT TIMELINE

CONTRACTOR DATA

List all information with confirmed contracts, only, for the project.

	<u>Company Name</u>	<u>Primary Contact</u>	<u>Phone(s)</u>	<u>City/State</u>
Developer				
Architect				
Engineering				
General Contractor				
Electrical				
Plumbing				
Others				

PROJECT TIMELINE

Please fill in the following timeline. Indicate with a large “X” on the project timeline, exactly where the project currently stands. Also fill in the additional requested information below.

	Project Start	25% Completion	50% Completion	75% Completion	100% Completion
Date (Mo/Yr)					
General Scope Of Work (please describe)					

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APPENDIX C: LEASEE/TENANT INFORMATION

Total # Expected Business Tenants: _____ Expected Sq Ft for Business Use: _____ sq ft

Confirmed Tenants (list any owner occupants here also)

Business Name	Current # Employees In Hamilton County	Est. Hourly Wage	# Existing Employees to Move to Project Site	Business Address Employees Will Be Moving <i>From</i> (Street, City, State, Zip)	Est. # <i>New Employees</i> to be at New Site	Est. Hourly Wage New Employees	Lease Contact (Name / Phone #)	Length of Lease (# Mo.)
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	

Prospective Tenants

Business Name	Current # Employees In Hamilton County	Est. Hourly Wage	# Existing Employees to Move to Project Site	Business Address Employees Will Be Moving <i>From</i> (Street, City, State, Zip)	Est. # <i>New Employees</i> to be at New Site	Est. Hourly Wage New Employees	Lease Contact (Name / Phone #)	Length of Lease (# Mo.)
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	
		\$				\$	/	

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APPENDIX D: Bonus Point Explanation for Additional Economic or Business Development Considerations (Optional)

From time to time, certain business expansion or recruitment initiatives may create value added opportunities for the Renewal Community Zone and City, in addition to the criteria already defined for CRD awards. For example, projects related to certain types of industries or business sectors consistent with the City's overall economic development strategy and any businesses for the Renewal Community areas. This award may also be determined by the Authority based on overall vision, direction, development efforts and the project's intended goals. The merit of any Bonus Points will be considered on a case by case basis by the Authority. Please submit (below) a written explanation of any additional economic or business benefits expected to result from a proposed project.